

RatingsDirect®

Mississippi; Appropriations; General Obligation; Moral Obligation

Primary Credit Analyst:

Sussan S Corson, New York (1) 212-438-2014; sussan.corson@standardandpoors.com

Secondary Contacts:

Ken Rodgers, New York (1) 212-438-2087; ken.rodgers@standardandpoors.com

Horacio G Aldrete-Sanchez, Dallas (1) 214-871-1426; horacio.aldrete@standardandpoors.com

Bianca Gaytan-Burrell, Dallas (1) 214-871-1416; bianca.gaytan-burrell@standardandpoors.com

Table Of Contents

Rationale

Outlook

Government Framework

Financial Management

Economy

Budget

Debt And Liability Profile

Related Criteria And Research

Mississippi; Appropriations; General Obligation; Moral Obligation

Credit Profile

US\$247.0 mil go rfdg bnds (Tax-exempt) ser 2015C due 10/01/2028		
<i>Long Term Rating</i>	AA/Stable	New
US\$168.435 mil taxable go rfdg bnds ser 2015D due 10/01/2032		
<i>Long Term Rating</i>	AA/Stable	New
US\$157.23 mil go bnds (Tax-exempt) ser 2015A due 10/01/2035		
<i>Long Term Rating</i>	AA/Stable	New
US\$128.95 mil taxable go bnds ser 2015B due 10/01/2026		
<i>Long Term Rating</i>	AA/Stable	New
Mississippi GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Mississippi Dev Bank, Mississippi		
Mississippi		
Mississippi Dev Bank (Mississippi) (City of Pascagoula GO Bond Project) ser 2014 (AGM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AA' long-term rating to Mississippi's series 2015A tax-exempt general obligation (GO) bonds, 2015B taxable GO bonds, 2015C tax-exempt GO refunding bonds, and 2015D taxable GO refunding bonds. The outlook is stable.

At the same time, Standard & Poor's affirmed its 'AA' rating on Mississippi's previously issued GO debt and its 'AA-' ratings on Mississippi's issues secured by state appropriations. We also affirmed our 'A' ratings in effect for various issues of the Mississippi Development Bank (MDB) based on the state's moral obligation pledge. The outlook on all affirmed ratings is stable.

The 'AA' rating on Mississippi's GO debt reflects our view of the state's:

- Restoration of the working cash stabilization fund to its statutory maximum at almost \$412 million at the end of 2014, or 7.5% of budget, and improving general fund revenue collections that have met or exceeded the state's expectations;
- Strong budgetary and governmental framework, with a constitutional requirement to adopt and maintain a balanced budget throughout the fiscal year;
- Historically conservative and proactive fiscal management, including making budget adjustments to maintain fiscal balance through periods of revenue decline; and
- Strong embedded fiscal policies and practices.

Credit factors that somewhat mitigate the preceding credit strengths include the state's:

- Economy, which trails many national median indicators and is limited, with a higher dependency on federal government spending compared with other states, high unemployment, some concentration in manufacturing, below-average wealth and income indicators, and one of the nation's highest poverty rates and lowest educational attainment levels; and
- Moderately high debt burden as a percent of income and gross state product (GSP), as well as below-average funded ratios of state pension plans despite slight improvement in fiscal 2014.

The state's full-faith-and-credit pledge secures its GO bonds. We understand that proceeds from the series 2015A bonds will be used to fund various approved capital improvement projects, including a new medical school, a civil rights museum, and various college and state agency projects. The series 2015B taxable bond proceeds will be used primarily to fund highway projects and economic development initiatives, including \$30 million to fund a portion of the state's incentive package for the Yokohama Tire Corp.'s tire manufacturing plant. The state will use proceeds of the series 2015C and 2015D bonds to refund a portion of GO debt outstanding. After the series 2015 issuance, the state will have slightly more than \$650 million of legislatively authorized debt remaining after the series 2015 issuance excluding any additional debt that could be authorized in the 2015 legislative session.

On a budgetary basis, the state estimates it ended fiscal 2014 with a \$41 million unencumbered general fund balance in addition to the working cash stabilization reserve totaling \$412 million at its statutory cap of 7.5% of appropriations. Funding priorities for fiscal 2015 included fully funding the working cash stabilization reserve after the state drew it down over a period of years following the recession to its low point in fiscal 2013 when it totaled \$48 million, or about 1% of budget. In our view, the restored focus on structural budgetary balance as well as the reserve replenishment strengthens the state's fiscal position to help address any unexpected future economic and fiscal demands.

The November 2014 official consensus revenue estimate projects approximately \$5.6 billion of general fund revenue, excluding special fund sources, available for the fiscal 2016 budget, or about 3.0% growth over fiscal 2015, including projected annual increases of 3.0% in sales tax collections and 3.7% individual income revenue. Estimated fiscal 2015 general fund revenue based on revised November 2014 estimates are tracking to budget at \$5.46 billion and reflect 1.1% growth compared with actual fiscal 2014 collections, including 5.0% sales tax and 4.9% individual income growth compared with fiscal 2014. We believe the revenue projections are reasonable assuming continued slow economic growth.

Governor Phil Bryant's fiscal 2016 executive budget recommendation to the legislature calls for total general fund spending of \$5.6 billion, or 2% above fiscal 2015 appropriations. When including support from the education enhancement fund, health care expendable fund, and capital expense fund, the proposed budget totals almost \$6.2 billion, which is 1.7% higher than fiscal 2015. The proposal incorporates 2.0% growth in funding for teacher pay under the Mississippi Adequate Education Program (MAEP) as well as 1.4% in estimated revenue reductions due to proposed tax cuts. Medicaid, in particular, which represents about 15% of the general fund state-supported budget, has been growing as income eligibility under the Affordable Care Act (ACA) has changed in addition to caseload increases from previously eligible recipients. The costs have risen although Mississippi did not expand its Medicaid program and is not funding and operating its own insurance exchange program under the ACA. Although statute directs the state to conservatively appropriate for 98% of projected general fund revenue as a budget contingency, the governor's budget recommends suspending the rule given the fully funded working cash stabilization fund but does not rely on one-time

balances to pay for recurring expenses.

The joint legislative budget committee (JLBC) also submitted its fiscal 2016 general fund budget recommendation to the legislature, which totals \$5.5 billion, excluding special fund support, and represents only \$18.5 million, or 0.3% more than fiscal 2015 appropriations, in order to adhere to the 2% statutory set aside of revenue. When including spending supported by the special fund sources, the JLBC recommendation totals \$6 billion, which is \$112 million, or 1.9%, less than the total fiscal 2015 budget. The proposal recommends \$32 million of additional spending for teacher pay under the MAEP, and \$20 million of funding for road and bridge construction, with offsetting savings in proposed reductions to vacant positions and one-time capital improvements. In addition to the 2% revenue set-aside, about \$390 million of the working cash stabilization reserve and \$71 million in capital expense funds remain unallocated in the recommended budget.

Although still positive, Mississippi's population growth has been slow, increasing by only 0.2% in 2013 to 2.99 million in line with the state's five-year compounded annual average rate, which restricts long-term robust economic growth. In addition, IHS Global Insight Inc. estimates employment growth in 2014 at an anemic 0.8% compared with 1.8% for the nation, which could have been influenced by an unusually cold winter in the first half of 2014 and the wind-down of large construction projects in Mississippi although state employment growth has tracked well below national levels in the previous three years. IHS Global Insight forecasts that Mississippi's employment will increase at about half the rate of 2% national employment growth in 2015. Personal income has been below the national average for the past decade, with state per capita personal income at 77% of the national average for 2013 (ranking Mississippi last among all states). In addition to manufacturing employment, which comprises 12.3% of jobs in the state, the government sector and the trade, transportation, and utilities sector account for a significant portion of jobs throughout the state, at 22.1% and 19.5% of total employment, respectively. Although much of the state is rural, its access to three major water routes -- the Mississippi River, the Tennessee-Tombigbee, and the Gulf of Mexico -- has spurred significant commercial and industrial investment, particularly in offshore drilling and ship building. Oil price declines are not likely to adversely affect Mississippi's budget, however, given that oil severance tax revenue represents only 1.5% of general fund revenue. Although there could be a slowdown in employment related to the development of the relatively higher-cost Tuscaloosa Marine Shale in the southwestern portion of the state, overall, mining and logging represent a relatively small 0.8% share of state employment.

We view Mississippi's debt and liability profile as relatively weak driven primarily by a high pension burden representing \$4,972 per capita and 14.3% of personal income. The tax-supported debt burden represents 5% of personal income and 4.9% of GSP, which we consider moderately high. Although the state's combined pension funded ratio ratio of 61% improved in fiscal 2014, it is still well below average in our view.

We assigned a total or composite score of '2.0' to Mississippi under our State Ratings Methodology, in which '1.0' is the strongest score and '4.0' is the weakest.

Outlook

The stable outlook reflects our view of the state's conservative budgeting and restoration of rainy-day funds to

statutory maximum levels and our expectation of continued slow economic growth. We expect state officials will take timely action to adjust the budget should any unforeseen setbacks occur in the economic recovery or if there is softness in any major revenue stream. Should spending or revenue pressures result in significant reliance on the working-cash stabilization reserve or other nonrecurring measures, as well as deterioration in pension funding we could lower the rating. Also, if financial flexibility is compromised due to new legal limits or unwillingness to cut expenditures where and when needed or increased debt issuance occurs without a commensurate increase in liquidity these could all lead to a lower rating. Although not expected in the next two years, a higher rating would reflect greater economic diversification and growth along with fundamental improvement in pension funding. An additional risk to the rating is the potential for reductions in federal funding that currently flows to the state. Standard & Poor's will continue to monitor the federal consolidation efforts stemming from the Budget Control Act and evaluate their effect on the state's finances and officials' response to these revenue reductions.

Government Framework

Mississippi operates on a fiscal year beginning July 1. It is a statutory requirement that the state introduce and adopt a balanced budget. State law also restricts general fund appropriations to 98% of the official revenue estimate and the previous year's ending general fund balance, although the legislature suspended this requirement in several budgets since the recession if, at the end of October or any month thereafter, general fund revenue collections for the fiscal year fall below 98% of the most recent estimate. If this should occur, the Department of Finance and Administration (DFA) must balance the general fund budget by reducing the allotted expenditure authority to general fund agencies by any amount necessary to ensure the state meets the balanced budget requirement during the year. Mississippi has the authority to raise revenues, including to levy and raise a broad range of taxes. However, Article 4, Section 70, of the state constitution requires a three-fifths supermajority to pass any revenue or property taxation bill and Mississippi's recent preferred policy approach has focused more on expenditure reductions than on tax increases. There has not been an active history of voter initiatives in the state and the initiative process contains several hurdles before becoming law. Voters do not have the ability to directly place initiatives on the ballot since they must first refer the measure to the legislature, which has the ability to place an alternative version of the initiative on the ballot. A majority vote of the people as well as 40% of the votes cast in that election are required for the initiative to pass. Mississippi voters were recently successful in qualifying a measure for the November 2015 election that would constitutionally require the state to use at least 25% of future annual general fund revenue growth to fund education. The 2015 legislature has since passed an alternative version of the initiative to require an effective system of free public schools which will also be on the November 2015 ballot.

The state executive has the ability to cut disbursements across programs in the event of a revenue shortfall to keep the budget in balance throughout the year and historically has demonstrated the willingness to do so even under stressful economic conditions. Mississippi has maintained shares of revenue to cities and counties from sales taxes and property taxes assessed on all local real and personal property subject to certain exemptions. The state has the ability to issue debt for a wide range of purposes, but legislation governing the financing of specific bond projects must authorize all state debt. The constitutional debt limit is 1.5x the sum of all revenues the state collects in any one of the four preceding fiscal years, whichever is highest. As of June 30, 2014, Mississippi's applicable debt outstanding

represented 32% of the constitutional legal debt limit totaled approximately \$12.8 billion. Legislation also limits the state's variable-rate debt to no more than 20% of its total GO debt, and limits short-term debt to 7.5% of general fund appropriations by the legislature in the fiscal year such debt is issued. While the state constitution does not explicitly outline a priority lien of debt, in the event of a shortfall, the treasurer is authorized to use any non-appropriated funds to cover debt service payments and the state's priority for repayment of debt has been high in practice.

We have assigned a score of '1.6' to the state's government framework, whereby '1.0' is the strongest score and '4.0' is the weakest.

Financial Management

Standard & Poor's deems Mississippi's financial management practices "strong" under its Financial Management Assessment methodology, indicating our view that practices are strong, well-embedded, and likely sustainable.

Mississippi creates its multiyear budgeting and cash flow projections through the annual budget process, addressing both the current and subsequent budget year. The state's formal investment management policy calls for regular, and at least monthly, reporting to elected officials, including the governor. Statutes provide guidelines for deposits to the formal working cash stabilization reserve and the state maintains a five-year capital improvement budget that is presented annually to the legislature for consideration. The constitution limits debt to 1.5x the sum of all revenues Mississippi collects in any one of the four preceding fiscal years, whichever is higher. As the state has issued variable-rate debt and entered into swaps, enabling legislation limited its variable-rate debt to no more than 20% of its total GO debt and Mississippi has a comprehensive derivatives management policy that it reviews annually. The treasurer released the state's first debt affordability study in 2014, which reflects current debt ratios as well as projected annual debt service requirements and issuance.

In our opinion, Mississippi follows generally strong budget management practices. We consider the executive branch and budget office to have broad powers to adjust appropriations. Should a revenue shortfall occur, the DFA can amend budgets to improve structural gaps and cut expenditures directly, as needed. All state agencies receiving general or special funds are subject to funding reductions of up to 5%, but no agency receives a cut in excess of 5%, unless all have been reduced by this percent. As required by state statute, the state treasurer and the executive director of the DFA monitors the state general fund revenues and cash balances against monthly estimates in anticipation of adjustments that it may have to make. Mississippi cannot carry over deficits from the previous fiscal year. Thus, gap-closing solutions have included structural adjustments rather than relying solely on nonrecurring revenue or spending actions. Furthermore, the fiscal 2015 and fiscal 2016 proposed budgets have aligned recurring revenue with recurring expenditures.

On a scale that has '1.0' as the strongest score and '4.0' as the weakest, we have assigned a score of '1.0' to Mississippi's financial management framework.

Economy

While posting positive growth, Mississippi's population increased by a slower annual compounded 0.35% rate compared with the national rate of 0.77% to 2.99 million in 2013 and IHS Global Insight forecasts continued slow population growth, which could restrict long-term economic growth prospects. With an age-to-population dependency ratio of 62.6, Mississippi's dependent population is 2.8% higher than that of the national rate reflecting a larger proportion of population younger than 15 or older than 64 when compared with the working population. Mississippi's unemployment rate has historically remained higher than national levels and was among the highest in the nation at an average 8.6% in 2013 but, despite this, it has remained within 2% of the national rate since 2006. In November 2014, the state's 6.5% unemployment rate was 0.6% higher than the national rate of 5.8%. State employment growth has slowed in the second half of 2014 compared with the national levels as construction on a large power plant project in Kemper County wound down and several Mississippi casinos closed. IHS Global Insight estimates 0.7% job growth in the state in 2014 compared with a 1.8% national rate, with similar trends in 2015, and we project job growth in Mississippi is also likely to lag behind job growth in the East South Central Region (see "U.S. State and Local Government Credit Conditions Forecast for 2015, The Future Is Now," published, Dec. 10, 2014, on RatingsDirect). The employment base by sector is generally in line with that of the nation, but exhibits some concentration in manufacturing and government, which represent 12% and 22% of state employment, respectively, when compared with the 8.8% and 16.1% respective national averages. Within the manufacturing sector, automotive-related manufacturing remains a bright spot with future developments planned. Yokohoma Tire Corp. plans to create 500 jobs in the first phase of its planned commercial truck tire manufacturing plant in West Point, Miss., which is expected to begin operations in the second quarter of 2015. Grammer Inc. began operations at the end of 2014 at its automotive interior and seating manufacturing plant in Tupelo, Miss., and Nissan has been in the state for 10 years and continues to introduce more of its models for manufacture in Mississippi. The state's largest manufacturing employer is shipbuilder Huntington Ingalls Industries (formerly a division of Northrop Grumman Corp.), employing more than 11,000 people in Pascagoula and Gulfport, Miss.

State wealth and income levels lag national averages. At \$34,478 per capita, 2013 personal income was 77% of the national average. GSP per capita in 2013 was \$32,421 or 67% of the national GDP per capita, which continues to rank it last among all states. In seven of the previous 10 years, Mississippi has trailed the nation in the annual percent change in GSP versus national GDP and, although IHS Global Insight projects average annual GSP growth of 2.3% through 2018, it predicts average annual GDP growth will be higher at 2.7%. Given the below-average income levels, many Mississippi residents are highly dependent on federal and state social program spending.

We continue to believe Mississippi has many advantages to attract new economic development compared with other states given its Gulf Coast location, related sea ports, and proximity to Panama, which has a rapidly growing economy and is Mississippi's largest and a fastest-growing export destination for petroleum/coal products and chemicals. The state's housing market is also relatively inexpensive compared with that of other states and was largely spared from the foreclosure crisis that affected a number of others. In addition, Mississippi offers many incentives and tax advantages to attract new businesses and to encourage existing businesses to expand within it. The cost of doing business is also lower than that in most other states, and Mississippi has one of the lowest corporate income taxes in

the South. However, the state's educational attainment and wealth and income levels are among the lowest in the country. Just 81.5% of Mississippi residents over the age of 25 are high school graduates, compared with 86.0% for the national average. Although the state has prioritized workforce education needs through funding scholarship and literacy programs, its current lack of educational attainment is likely to remain a challenge in attracting professional services and high-tech industries, which generally offer higher-paying jobs that require more education.

We have assigned a score of '2.9' to Mississippi's economy, whereby '1.0' is the strongest score and '4.0' is the weakest.

Budget

The Budget Reform Act of 1992 created the working-cash stabilization reserve account, which requires the state to deposit 100% of the unencumbered general fund cash balance into the account at the close of each fiscal year until the balance reaches \$40 million. Thereafter, Mississippi must deposit 50% of the unencumbered general fund ending cash balance into the account until it reaches 7.5% of general fund appropriations for the current fiscal year. As required by state law, the state does not consider the account surplus or available funds when adopting a balanced budget. In the event of a revenue shortfall, Mississippi could transfer permanently the amount in excess of \$40 million of the working-cash stabilization reserve account balance to the general fund to cover such deficits up to a maximum of \$50 million in any one fiscal year. In addition to the working cash stabilization reserve account, the state directs a portion of the unencumbered balance to a capital expense reserve designated for capital needs and to reduce reliance on bonding. In the past, it has also directed small amounts in the budget contingency fund to cover nonrecurring expenses in the budget.

Overall, Mississippi has regularly recorded budgetary surpluses in periods of positive economic growth, which it has used to fund reserves. In periods of economic decline, the state has addressed budget imbalances through a combination of structural solutions and the use of reserves within the limits of state statute. In our view, Mississippi has not historically demonstrated a record of raising revenues but, rather, it has used expenditure cuts to achieve balanced operations when necessary.

Five independently derived projections form the basis of the state's official consensus revenue forecast used in budget development. In October of each year, revenue estimating officials with the office of the state treasurer, legislative budget office, DFA, department of revenue, and the University Research Center present their consensus revenue projection to the JLBC and the governor's budget office. The official state revenue forecast binds the budget, and state law limits appropriations to 98% of the official revenue estimate. Although the legislature suspended this requirement in fiscal 2015 as it did for several budgets before fiscal 2013 after the recession, it also committed more than \$400 million, or 7% of budget, to fully fund the working cash stabilization fund.

We consider the state's tax revenue structure to be diverse as sales tax receipts contributed about 36% of total general fund revenues in fiscal 2014 while individual income tax revenues accounted for about 31%. A portion of Mississippi's sales taxes also flows to the education enhancement special fund to support education spending and the state uses annual tobacco settlement money through its health care expendable fund to help fund its Medicaid budget. State spending on Medicaid and education represent more than two-thirds of the total state support budget. Expenditures

are generally predictable, and the state has been willing to cut across all services and expenditures when revenue declines necessitate to maintain budget balance. Although the state has historically demonstrated the flexibility to cut expenditures in education when necessary, both a pending lawsuit and a voter referendum that aim to increase education funding levels could restrict this expenditure flexibility in the future.

Mississippi has not historically issued short-term debt for cash flow purposes. To address the need for temporary cash, the general fund may borrow from special funds and the working-cash stabilization fund, but the state must repay any money borrowed by the end of the fiscal year. Statute requires the state treasurer and the executive director of the DFA to analyze the amount of cash in Mississippi's general fund and special funds at least monthly and at any other time deemed necessary. Although the state has the authority to do so, it has not issued short-term notes for temporary cash flow deficiencies. In our view, Mississippi's broad authority to cut expenditures in response to revenue shortfalls also supports its liquidity position.

On an unaudited generally accepted accounting principles basis, the state ended fiscal 2014 with about \$4.6 billion in governmental cash and investments. The general fund posted a \$37 million net surplus and an unassigned general fund balance of almost \$572 million, or 3.5% of total expenditures. The total general fund balance was about \$4.2 billion, mostly restricted for health, education, transportation and recreation, and resources development purposes.

We have assigned a score of '1.7' to Mississippi's budgetary performance, whereby '1.0' is the strongest score and '4.0' is the weakest.

Debt And Liability Profile

In our opinion, Mississippi's debt levels remain moderately high by most measures. Based on unaudited fiscal 2014 statements, including GO, appropriation debt, and notes payable, the state had \$5.1 billion of tax-supported debt outstanding at fiscal year-end 2014, or a moderate \$1,732 per capita and a moderately high 5% of personal income and GSP, respectively. Mississippi's debt service burden as a percent of expenditures is also moderately high, in our view, with fiscal 2014 debt service accounting for 6.4% of total governmental fund expenditures (net of federal government revenues received). Debt amortization is average, in our opinion, with 58% of tax-supported debt principal repaid over 10 years. Notes payable include debt issued by the department of transportation for roads and bridges, but tax-supported debt ratios do not include \$756 million of MDB bonds backed by the state's moral obligation pledge, which historically have been supported by the loan repayments from various issuers. Also included in the debt figure is \$174.9 million of variable-rate debt issued in 2012 as five-year floating rate bonds benchmarked to the LIBOR and Securities Industry And Financial Markets Association indices, which represent about 3.4% of total tax-supported debt outstanding. The series 2012 bonds mature in September 2017 when total principal is due although officials expect to restructure the bonds and extend the maturity. We assess Mississippi's market risk profile as low and as such view remarketing risk as minimal. The state had also entered into six swap agreements in which it pays the counterparty fixed rate payments and receives variable-rate payments based on the respective indices. The counterparties on the swaps are Bank of New York-Mellon; UBS AG, and Morgan Stanley Capital Services, Inc. The mark-to-market value of the swaps at Dec. 31, 2014, was negative \$44.2 million. In our view, the swaps have low risk because termination risk is remote given current state and counterparty ratings, there are requirements for the counterparties to post collateral

below certain rating triggers, and the state has strong management practices with formal swap and debt management policies in place.

The MDB issues debt on behalf of various local governments in the state. Local revenue streams and the state's moral obligation pledge to replenish the debt service reserve in case of a deficiency secure the development bank debt. As of Dec. 1, 2014, the balance of special obligation bonds outstanding with the state's moral obligation pledge was about \$756 million.

Mississippi has four public employee defined-benefit retirement plans to provide pension benefits for all state employees, sworn officers of the state highway patrol, other public employees whose employers have elected to participate, and elected members of the state legislature, and the president of the senate. These plans include the Public Employees' Retirement System (PERS), the Mississippi Highway Safety Patrol Retirement System (MHSPRS), the Municipal Retirement System (MRS), and the Supplemental Legislative Retirement Plan (SLRP), of which PERS is the largest. Due primarily to improved investment performance and a five-year smoothing valuation that has moved past the 2009 investment losses, the state's combined pension funded ratio improved to what we consider an average 61% in fiscal 2014 after having declined in the previous six years to a below-average 57.6% in fiscal 2013. The fiscal 2014 unfunded pension liability per capita equated to an estimated \$4,972 per capita, which we consider weak. The actuarial valuations assume an 8% rate of return and five-year smoothed asset value.

The state has historically made contributions at, or above, the combined actuarially required contribution levels across plans in recent years. Effective July 1, 2013, the PERS board of trustees implemented a revised funding policy with a goal to stabilize the employer contribution rate, which was set at 15.75% of gross salary and a focus on a declining amortization period. The board of trustees also approved employer contribution rate increases for MHSPRS and SLRP, which increased to 37% and 7.4%, respectively. Officials expect no changes to the funding policy in the near term and expect to continue to use a five-year smoothed actuarial value in determining the state's funding levels. PERS pension benefits include a compounded annual 3% cost-of-living increase for eligible retirees after they reach age 55, although the board extended the age to 60 for new hires in fiscal 2012.

We view the state's other postemployment benefit (OPEB) risk to be moderate compared with other states, given a relatively low unfunded OPEB liability per capita and an annual OPEB cost that is relatively low in relation to the state budget. Mississippi provides just one OPEB plan, a medical plan and life insurance program administered by the State and School Employees' Health Insurance Management Board. Based on the plan's most recent valuation on June 30, 2014, the total unfunded actuarial accrued liability is about \$762 million, or about \$255 per capita. The state finances the plan on a pay-as-you-go basis and has no assets accumulated in a trust. Mississippi funded 67% of the \$45.3 million annual OPEB cost in fiscal 2014, which represents only 0.8% of the state's general fund budget.

On a scale that has '1.0' as the strongest score and '4.0' as the weakest, we have assigned a score of '2.6' to the state's debt and liability profile.

Related Criteria And Research

Related Criteria

- USPF Criteria: Bond Anticipation Note Rating Methodology, Aug. 31, 2011
- USPF Criteria: State Ratings Methodology, Jan. 3, 2011
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Moral Obligation Bonds, June 27, 2006

Related Research

- U.S. State And Local Government Credit Conditions Forecast, Dec. 10, 2014

Ratings Detail (As Of January 26, 2015)

Mississippi Dev Bank (Meridian Comb Wtr & Swr Sys Rfdg Proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi GO		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Mississippi GO		
Long Term Rating	AA/Stable	Affirmed
Mississippi GO		
Long Term Rating	AA/Stable	Affirmed
Mississippi GO		
Long Term Rating	AA/Stable	Affirmed
Mississippi GO (AGM) (SEC MKT)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Mississippi GO (Cap Imp Proj)		
Long Term Rating	AA/Stable	Affirmed
Mississippi (Nissan North America, Inc Proj)		
Long Term Rating	AA/Stable	Affirmed
Mississippi (Nissan North America, Inc Proj)		
Long Term Rating	AA/Stable	Affirmed
Mississippi (Nissan North America, Inc Proj)		
Long Term Rating	AA/Stable	Affirmed

Mississippi Dev Bank spl oblig bnds (Booneville Comb Wtr Swr & Solid Waste Disp Sys Proj) ser 2002

Unenhanced Rating	A(SPUR)/Stable	Affirmed
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Mississippi Dev Bank spl oblig bnds (Harrison Cnty Wstwr And Solid Wst Mgmt Dist) ser 2002A&B

Unenhanced Rating	A(SPUR)/Stable	Affirmed
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Mississippi Dev Bank spl oblig bnds (Madison, Mississippi Pub Bldg Proj) ser 2005

Unenhanced Rating	A(SPUR)/Stable	Affirmed
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Mississippi Dev Bank spl oblig bnds (Pearl River Cnty Ltd Oblig Hosp Imp Bnd Proj) ser 2002

Ratings Detail (As Of January 26, 2015) (cont.)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank spl oblig bnds (Rankin Cnty Pub Imp Proj) ser 2005		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank spl oblig bnds (West Rankin Metro Swr Auth) ser 2002		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Tupelo, Ms Urban Renewal Proj)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi GO		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Mississippi GO (Local Govt Cap Imp) (CIFG)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Jackson State Univ Educl Bldg Corp, Mississippi		
Mississippi		
Jackson State Univ Educl Bldg Corp (Mississippi)		
Long Term Rating	AA-/Stable	Affirmed
Medical Center Educational Building Corporation, Mississippi		
Mississippi		
Medical Center Educl Bldg Corp (Mississippi)		
Long Term Rating	AA-/Stable	Affirmed
Medical Center Educl Bldg Corp (Mississippi) (Univ of Mississippi Medl Ctr Facs Expansion & Renovation Proj)		
Long Term Rating	AA-/Stable	Affirmed
Medical Center Educl Bldg Corp (Mississippi) (Univ of Mississippi Medl Ctr Facs Expansion & Renovation Proj)		
Long Term Rating	AA-/Stable	Affirmed
Medical Center Educl Bldg Corp (Mississippi) (Univ of Mississippi Medl Ctr Facs Expansion & Renovation)		
Long Term Rating	AA-/Stable	Affirmed
Medical Ctr Educl Bldg Corp (Mississippi) (Medl Ctr Facs Expansion & Renovation Proj)		
Long Term Rating	AA-/Stable	Affirmed
Medical Ctr Educl Bldg Corp (Mississippi) (Medl Ctr Facs Expansion & Renovation Proj)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dept Of Fin & Admin, Mississippi		
Mississippi		
Mississippi Dept of Fin & Admin (Mississippi) (Master Lse Prog for State Agencies)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dept of Fin & Admin (Mississippi) (Master Lse Prog For Sch Dists & Comnty Coll Dists)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dept of Fin & Admin (Mississippi) (Master Lse Prog For Sch Dists & Comnty Coll Dist)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dept of Fin & Admin (Mississippi) (Master Lse Prog For Sch Dists & Comnty & Jr Coll Dists)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dept of Fin & Admin (Mississippi) (Master Lse Prog For State Agencies)		

Ratings Detail (As Of January 26, 2015) (cont.)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dept of Fin & Admin (Mississippi) (Master Lse Prog For State Agencies)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dept Of Fin & Admin (Mississippi) Lease Revenue Certificates of Participation (Mississippi) (Master Lease Program) ser 2014A due 10/15/20		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dept Of Fin & Admin (Mississippi) (Master Lse Prog For State Agencies)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dept Of Fin & Admin (Mississippi) (Sch Dist Master Lse Prog)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dept of Fin & Admin (Mississippi) lse rev cert of part (Master Lse Prog) ser 2002 dtd 11/21/2002 due 12/15/2003-2017		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Mississippi Dev Bank, Mississippi		
Claiborne Cnty, Mississippi		
Mississippi Dev Bank (Claiborne Cnty)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Claiborne Cnty)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank, Mississippi		
D'Iberville, Mississippi		
Mississippi Dev Bank (D'Iberville)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank, Mississippi		
Gulfport, Mississippi		
Mississippi Dev Bank (Gulfport) (Mississippi Pub Imp Proj) (AGM)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank, Mississippi		
Jefferson Cnty, Mississippi		
Mississippi Dev Bank (Jefferson Cnty) spl oblig bnds (Jefferson Cnty) (Jefferson County, Ms Go Bnd Proj) ser 2013 due 10/01/2033		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank, Mississippi		
Lowndes Cnty, Mississippi		
Mississippi Dev Bank (Lowndes Cnty) spl oblig (Lowndes Cnty Ms Industrial Dev Proj) ser 2007		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank, Mississippi		
Madison , Mississippi		
Mississippi Dev Bank (Madison) (Madison Mississippi Swr Sys Proj)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank, Mississippi		
Mississippi		

Ratings Detail (As Of January 26, 2015) (cont.)

Mississippi Dev Bank (Mississippi) spl oblig bnds (Gulfport) (Gulfport, Ms Comb Wtr & Swr Sys Proj) ser 2009 due 10/01/2019		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) Spl Obligation Rfdg Bnds (Mississippi) ((desoto County Regional Utility Authority) ser 2014 due 07/01/2032		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Adams Cnty Prom Nts Rfdg Proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Alcorn Cnty Regl Correctional Fac Bnd Proj) (ASSURED GTY)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Attala Cnty Montfort Jones Mem Hosp Proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Bolivar Cnty Correctional Fac Rfdg Proj) (AGM)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Bolivar Cnty Correctional Fac Rfdg Proj) (AGM)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Cap Proj & Equip Acquis Prog)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Cap Proj & Equip Acquis Prog)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Clay Cnty Proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Dept of Corrections East Mississippi Correctional Fac Rfdg Bnds Proj)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Dept of Corrections Marshall Cnty Correctional Fac Rfdg Bnds Proj)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Dept of Corrections Walnut Grove Youth Correctional Fac Rfdg Bnds Proj)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Dept of Corrections Wilkinson Cnty Correctional Fac Rfdg Bnds Proj)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Dept of Corrections Wilkinson Cnty Correctional Fac Rfdg Bnds Proj)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Dept of Rehab Svcs Cap Imp Proj) (AGM)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (DeSoto Cnty Regl Util Auth Wastewtr Treatment Sys Rev Bond Proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Diamondhead Wtr & Swr Dist Proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (D'Iberville Comb Wtr & Swr Sys Rev Proj) (ASSURED GTY)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Gautier comb util sys rev proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (George-Greene Cnty Regl Corr Fac Rfdg Bnd Proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Greene Cnty, MS Hosp Proj)		

Ratings Detail (As Of January 26, 2015) (cont.)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Horn Lake Recr Fac proj) (AGM)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Horn Lake Wtr & Swr Sys Proj) (wrap of insured) (AMBAC & BHAC) (SEC MKT)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Horn Lake Wtr & Swr Sys Proj) (BAM)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Hurricane Katrina Relief) ser 2007		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Issaquena Cnty Regl Correctional Fac Rfdg Bnd Proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Jackson Cnty Singing River Hlth Sys) (AGM)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Jackson Cnty) (Singing River Hlth Sys) (ASSURED GTY)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Jefferson Cnty Regl Correctional Fac Rfdg Bnd Proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Jones Cnty Jr Coll Dist Cap Imp Proj) (ASSURED GTY)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Meridian Wtr & Swr Sys Rev Rfdg Proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Ocean Springs, MS Pub Safety & Recreational Facs Proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Pearl Cap Imp Projs) (AGM)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Pearl Childre Road Urban Renewal Rfdg Proj) (AGM)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Pearl River Comnty Coll Dist Rfdg Proj) (AGM)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Southaven Recre Facs Rfdg Proj) (BAM)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (West Jackson Cnty Util Dist Rev Bnd Proj)		
Long Term Rating	A/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (West Rankin Util Auth Proj) (AGM)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank spl oblig bnds (Mississippi) (Desoto Cnty Regl Util Auth Wastewtr Treatment Sys rev bnd Proj)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank spl oblig rev bnds (Wtr & Swr Sys Rev Rfdg Proj) ser 1998		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank spl oblig (Lee Cnty, Industrial Dev Go Bnd Proj)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank spl oblig (Mississippi) (Desoto Cnty Prom Nt Rfdg Proj)		

Ratings Detail (As Of January 26, 2015) (cont.)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Biloxi) (Biloxi, Mississippi Rfdg Proj)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) spl oblig bnds (Covington Cnty Hosp/nursing Home Proj)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) spl oblig ser 2006 (Adams Cnty Hosp Rev Rfdg & Imp Bnds Proj)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Horn Lake Wtr And Swr Sys Proj)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Mississippi) (Southaven, MS Recreation Facs Rfdg Bnd Proj) ser 2006		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Pontotoc County) (Pontotoc Cnty Taxable Go Indl Dev Bnd Proj)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Southaven) spl oblig bnds (Southaven Recreation Fac Proj) ser 2004		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank (Union Cnty) (Union Cnty Taxable Go Industrial Dev Bnd Proj)		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank, Mississippi		
Mississippi Dept of Transp, Mississippi		
Mississippi Dev Bnk (Mississippi Dept of Transp) (Harrison Cnty Proj)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dev Bnk (Mississippi Dept of Transp) (Laurel Proj)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dev Bnk (Mississippi Dept of Transp) (Madison Cnty Proj)		
Long Term Rating	AA-/Stable	Affirmed
Mississippi Dev Bank, Mississippi		
Mississippi Dept Of Fin & Admin, Mississippi		
Mississippi Dev Bank (Mississippi Dept Of Fin & Admin) (Bldgs Acquis & Rfdg Proj) ser 2007		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank, Mississippi		
Natchez, Mississippi		
Mississippi Dev Bank (Natchez) moral oblig		
Unenhanced Rating	A(SPUR)/Stable	Affirmed
Mississippi Dev Bank, Mississippi		
Pearl, Mississippi		
Mississippi Dev Bank (Pearl) (Pearl, Mississippi Cap Proj & Equip Prepayment Proj) GO		
Unenhanced Rating	A(SPUR)/Stable	Affirmed

Ratings Detail (As Of January 26, 2015) (cont.)

Mississippi Dev Bank, Mississippi

Petal, Mississippi

Mississippi Dev Bank (Petal) (Mississippi Comb Wtr & Swr Sys Proj)*Unenhanced Rating*

A(SPUR)/Stable

Affirmed

Mississippi Dev Bank (Petal) (Petal, Mississippi Comb Wtr & Swr Sys Proj)*Unenhanced Rating*

A(SPUR)/Stable

Affirmed

Mississippi Dev Bank, Mississippi

Washington Cnty, Mississippi

Mississippi Dev Bank (Washington Cnty) (Regl Correctional Fac Bnd Proj) (ASSURED GTY)

Unenhanced Rating

A(SPUR)/Stable

Affirmed

Mississippi Dev Bank, Mississippi

Yazoo Cnty, Mississippi

Mississippi Dev Bank (Yazoo Cnty) (ASSURED GTY)

Unenhanced Rating

A(SPUR)/Stable

Affirmed

Mississippi Institutions of Hgr Learning Brd of Trustees, Mississippi

Mississippi

Mississippi Inst of Hgr Learning Brd of Trustees (Mississippi)

Long Term Rating

AA-/Stable

Affirmed

Many issues are enhanced by bond insurance.

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